Presentation to the 2011 Health and Human Services
Joint Appropriation Subcommittee

HEALTH RESOURCES DIVISION

Department of Public Health and Human Services
Legislative Fiscal Division Budget Analysis, Volume 4, Page B-220-249
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OVERVIEW

The Health Resources Division (HRD) administers Medicaid preventative, primary care and acute care services, and the Big Sky Rx program. Medicaid is a voluntary state/federal partnership that reimburses for medical services for the aged, blind, disabled, children and low-income families according to a state plan. The Division manages over 60 separate medical services available statewide. These services provide preventive, diagnostic and palliative services which allow people to be as healthy as they can be.

HRD strives to provide necessary services at a low cost while maintaining access across Montana. Medical services are delivered through a network of private and public providers for a wide range of services and constitute a large role in the health care sector and the economy of many communities. No direct medical services are provided by the Division.

The division also administratively supports Healthy Montana Kids.

Medicaid Services that are managed by HRD include:

- pharmacy; dental; durable medical equipment (DME); home infusion therapy; audiology; hearing aids; optometry; eyeglasses, therapies (physical, occupational and speech), transportation; ambulance; private duty nursing; nutrition, chiropractic services; physician services; mid-level practitioner; podiatry; physician-related laboratories; respiratory therapy; critical access hospitals (CAHs); inpatient and outpatient hospital; ambulatory surgery centers; dialysis clinics; federally qualified health centers (FQHCs); rural health clinics (RHCs).
- the Early Periodic Screening, Diagnosis and Treatment (EPSDT) to enhance early prevention, identification and treatment for children
- medical services provided by tribal and Indian Health Services
- Medicaid administrative claiming (MAC); school based services and breast and cervical cancer program.
- the distribution of the hospital utilization fee which is collected by the Department of Revenue.
- healthcare programs that assist people in managing their own individual healthcare needs including:
    - **Passport to Health**, a primary care case management program, provides a medical home for most people eligible for Medicaid and HMK *Plus*
    - **Team Care,** a more intensive program that manages people with high utilization.
    - The **Health Improvement Program,** a partnership with community and tribal health centers to provide care management and case management services to people at risk of incurring high medical costs.
    - **Nurse First**, a 24 hour, 7 day free nurse advice line available to all people with Medicaid, HMK, and HMK *Plus* for symptom and treatment options.

HRD also manages the Big Sky Rx and related pharmacy assistance programs, which are supported by state general fund. The division determines eligibility and pays premiums for people in an approved Medicare Part D prescription drug plan.

SUMMARY OF MAJOR FUNCTIONS

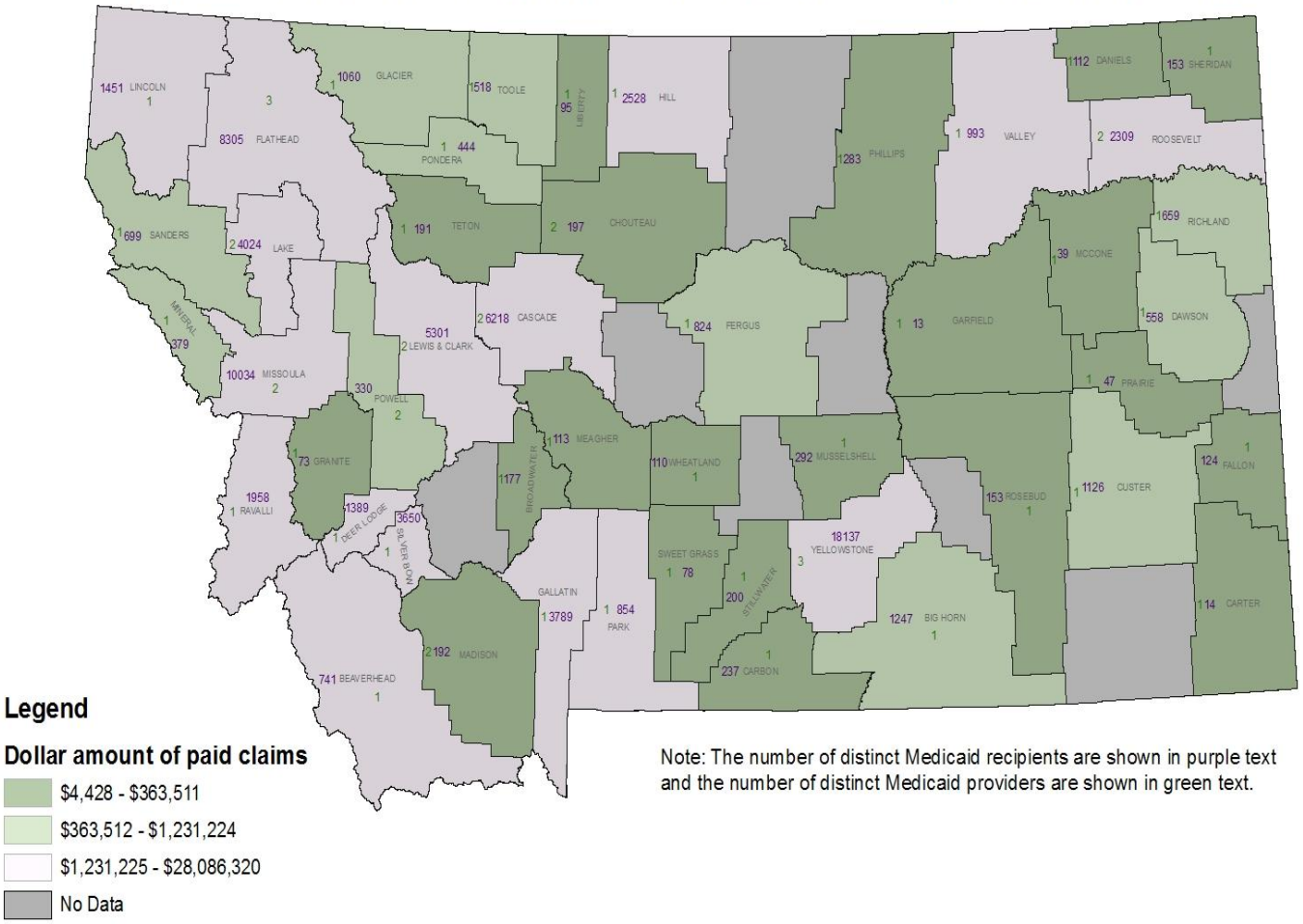
Hospital Services

Hospital Services are provided in Montana through a network of 15 acute care facilities and 45 critical access hospitals (CAH's) across the state. Medicaid pays for medically necessary outpatient services, emergency care and inpatient hospitalizations. Providing these services in Montana is cost effective and supports Montana's healthcare system and helps assure access to health services for all Montana's now and in the future.

In certain circumstances Medicaid will cover hospital care outside of the state. Out of state coverage is usually limited to services that are: 1) not available in Montana; 2) for people who live on the border who may normally get their health care in Washington, Idaho, Wyoming, North Dakota or South Dakota; or 3) Montanan's who have traveled outside the state and are in need of services.

The map below shows the distribution of payments for services throughout Montana, as well as the people serviced and the number of providers by county.

Hospital and CAHs Medicaid recipients and dollar amount of paid claims by County



Legend

Dollar amount of paid claims

- $4,428 - $363,511
- $363,512 - $1,231,224
- $1,231,225 - $28,086,320
- No Data

Note: The number of distinct Medicaid recipients are shown in purple text and the number of distinct Medicaid providers are shown in green text.

Pharmacy Services

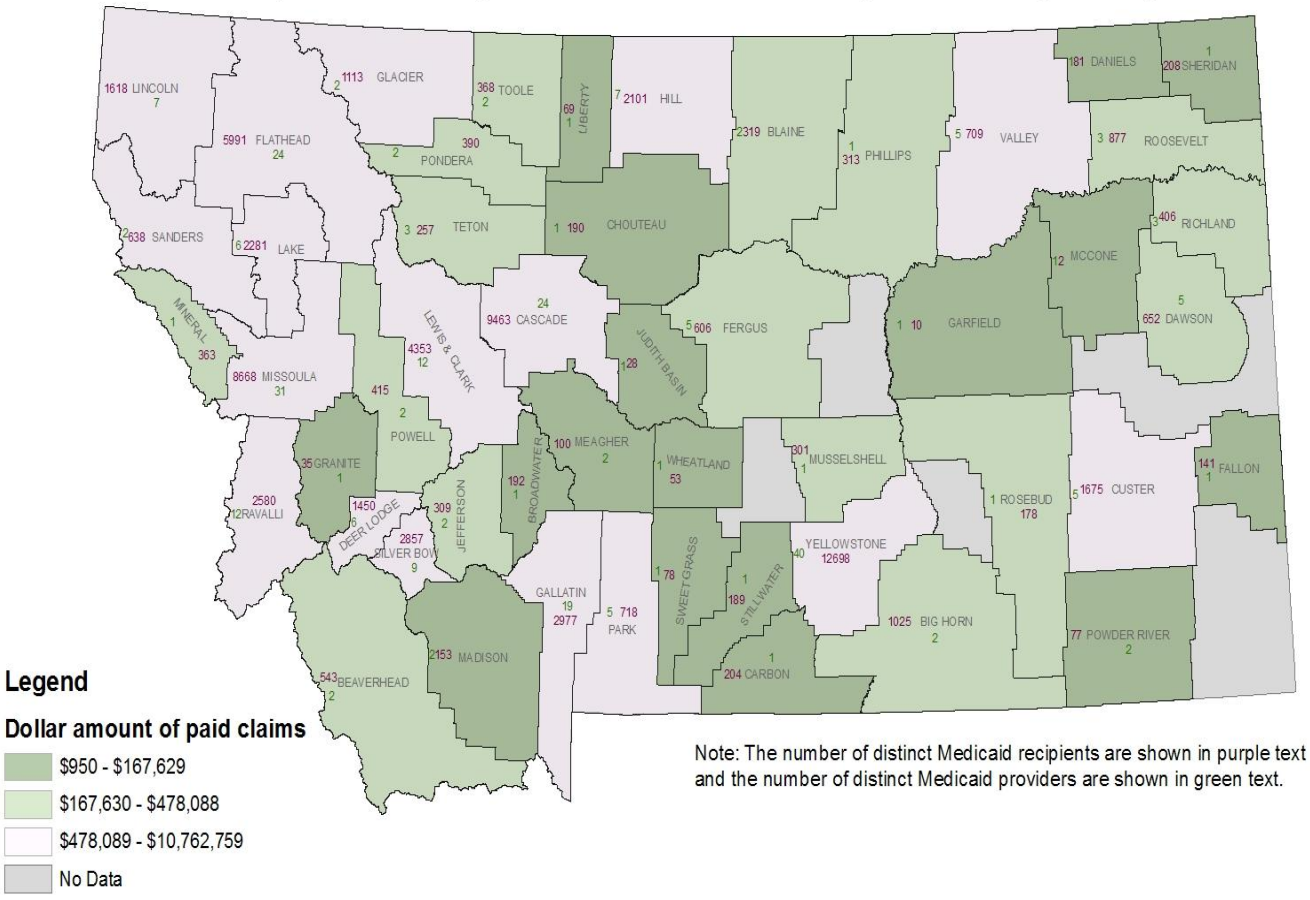
The Medicaid Pharmacy program supports a network of over 350 participating community pharmacies to provide appropriately prescribed drugs. The program makes every effort to provide cost effective services across Montana and promote appropriate use through education and counseling.

Drug coverage criteria are developed by physicians and pharmacists through the Drug Use Review Board, operating under a contract with Mountain-Pacific Quality Health. Coverage determinations balance the identification of cost effective alternatives while preserving flexibility based on professional medical judgment.

The Division collects rebates from drug manufacturers for Medicaid and Mental Health Services Program prescriptions. This effort reduces the cost of the program to Montana by approximately $20 million per year while maintaining access and reasonable payment levels to community pharmacies.

The **Big Sky Rx** program is a state program designed to complement the Medicare Part D drug benefit by providing premium assistance to eligible Montanans. Big Sky Rx staff determine eligibility for the program. Individuals must have family income at or below 200% of the federal poverty level and must enroll in Medicare Part D. Big Sky Rx makes a full or partial payment of the Part D premium up to $37.47 per month. Big Sky Rx paid premiums for 10,354 Montanans in November 2010.

Pharmacy Medicaid recipients and dollar amount of paid claims by County

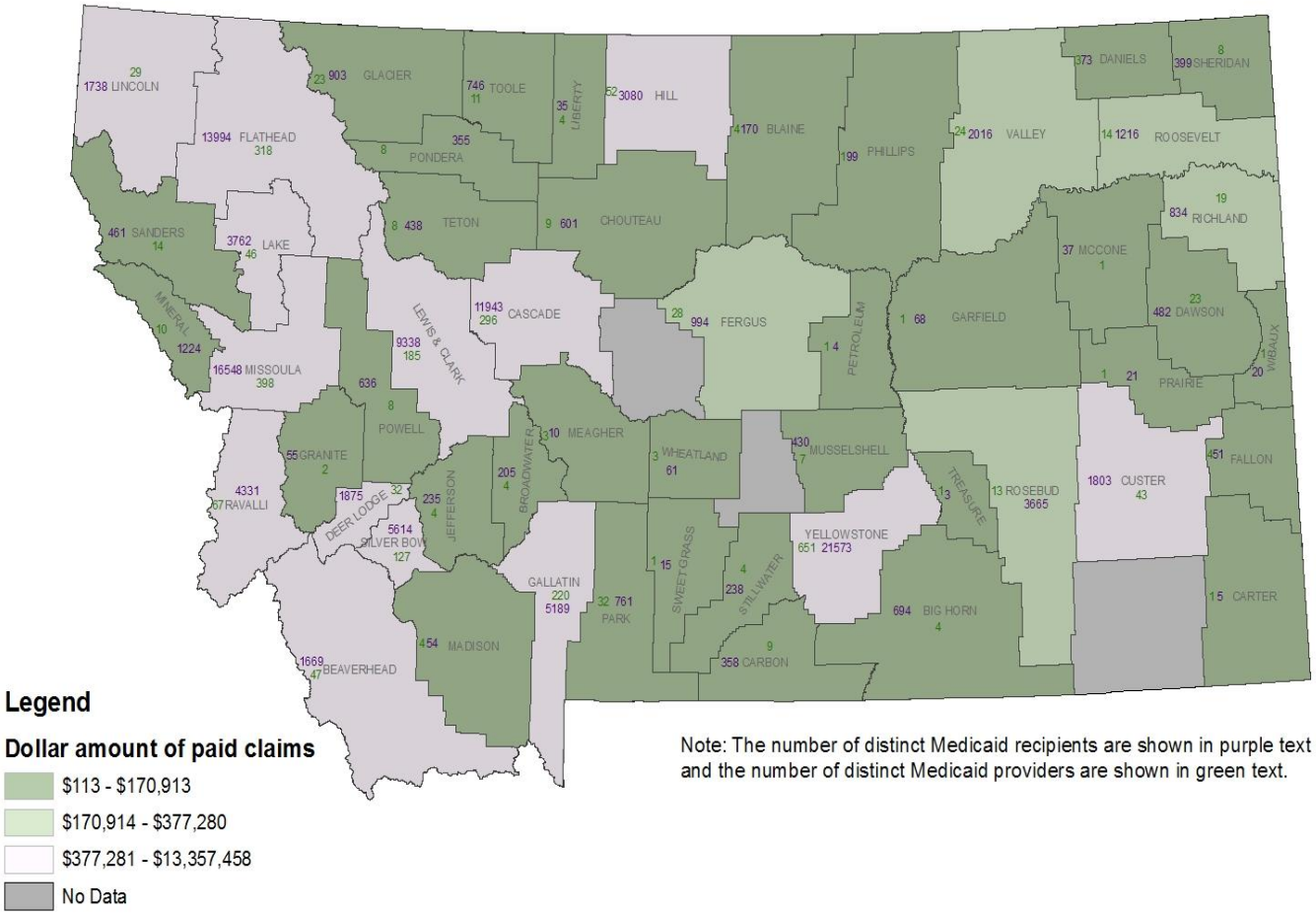


Physician and Midlevel Providers Services

All Medicaid eligible individuals have access to services provided by physicians and mid level providers. Medicaid covers medically necessary services including office visits, lab tests, surgeries, childbirth, prenatal care and anesthesia. Approximately 82 percent of individuals receiving Medicaid services during a year will receive services from a physician or mid level provider. Medicaid's provider network includes over 8,000 physicians and mid level providers.

Medicaid uses nationally developed payment structures, customized to Montana to assure equitable payments. In 2010, approximately 80,000 people used physician's services in Medicaid.

Physician and Midlevels Medicaid recipients and dollar amount of paid claims by County



Legend

Dollar amount of paid claims

- $113 - $170,913
- $170,914 - $377,280
- $377,281 - $13,357,458
- No Data

Note: The number of distinct Medicaid recipients are shown in purple text and the number of distinct Medicaid providers are shown in green text.

Care Management Programs

Passport to Health, Team Care, the Health Improvement Program, and Nurse First are operated under a Sec. 1915(b) waiver from the Centers for Medicare and Medicaid Services (CMS). In addition to improving health outcomes and reducing costs, these programs benefit physicians and other providers by decreasing non-urgent after-hours and daytime phone calls, reducing inappropriate office visits, educating people on how to prudently use resources of the provider's office, encouraging patient compliance with providers' treatment plans, reinforcing the provider-patient relationship, encouraging self-management of health conditions, and assisting with meeting patient satisfaction goals. Working together, these programs assist Medicaid and HMK *Plus* in focusing on improving access, cost effectiveness, and quality of care.

Passport to Health provides a medical home for approximately 70 percent of people enrolled in Medicaid and Healthy Montana Kids *Plus* (HMK *Plus*). People enrolled choose a primary care provider (PCP) who delivers most medical care and provides referrals for specialty, inpatient, or other care as needed. People not enrolled in Passport to Health include people enrolled in both Medicare and Medicaid, people with other health care coverage that includes care management, those residing in institutions, and children in foster care or subsidized adoption.

Passport provides education about health care and covered services and offers a help line to answer questions about enrollment, benefits, and specialty care and providers. The program also sends reminders to parents to get well-child screens and immunizations for their children, and conducts client and provider satisfaction surveys that are used to enhance the program.

Approximately 70,000 people are enrolled in Passport each month. Passport to Health saves approximately $20 million in health care costs each year.

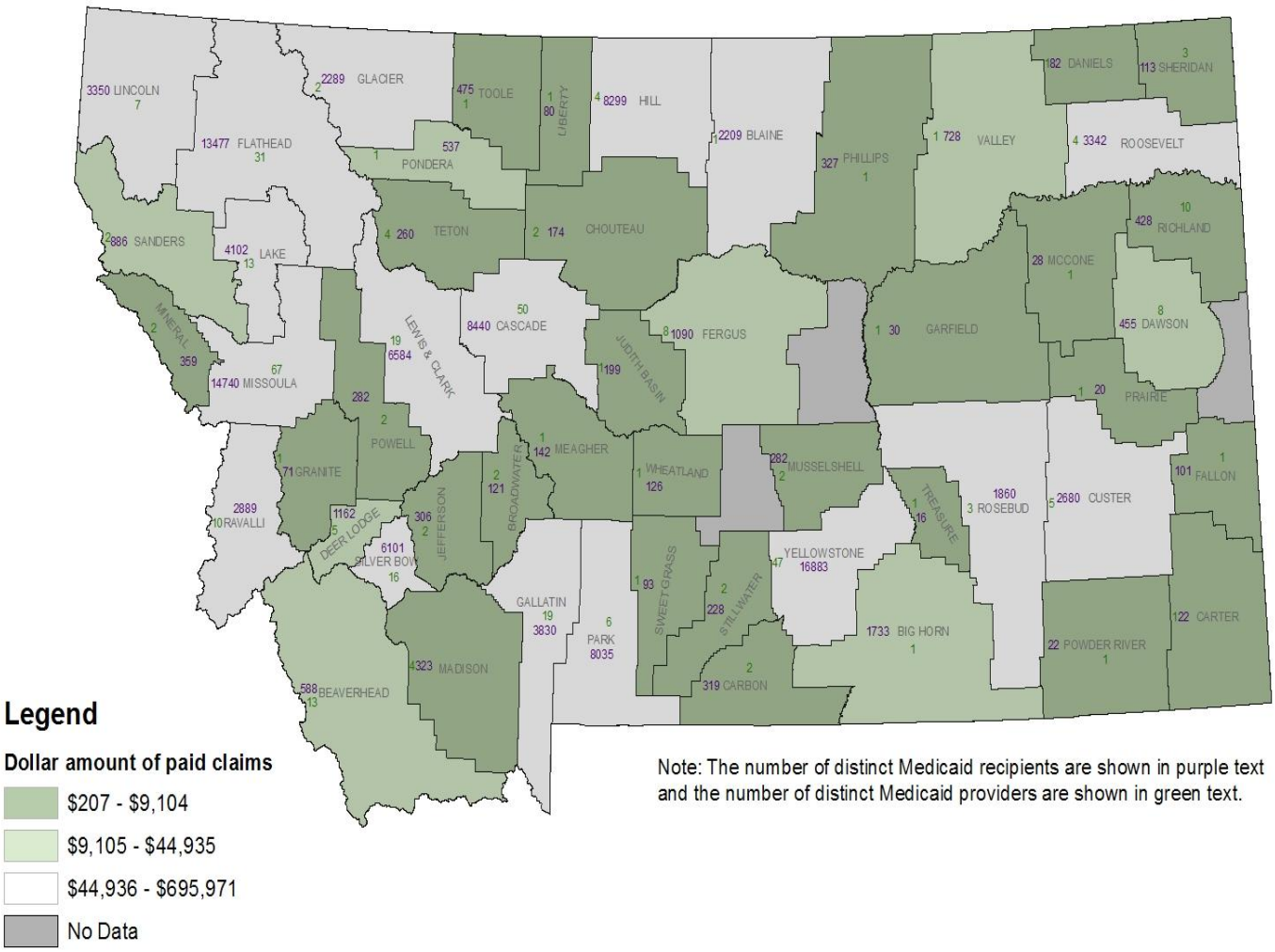
Team Care is a restricted card program for people who have a history of over-using services when there is no underlying medical necessity. People enrolled in Team Care receive services from one physician and one pharmacy. Services include enhanced education and case management, ensuring individuals receive the right care at the right time in the right place. Enrollment in Team Care is mandatory for certain people and continues for a minimum of 12 months. Individuals are identified for Team Care through claims review, provider referrals, and Drug Utilization Review Board referrals. About 560 people are enrolled in Team Care.

The Health Improvement Program is a partnership between DPHHS and community and tribal health centers to provide care management and case management services to people at risk of incurring high medical costs. Many of the more than 3,000 people receiving care management and case management services in the Health Improvement Program have multiple chronic conditions, including mental health, substance abuse, and other co-morbid conditions. Individuals receive education and information to encourage self-management of health conditions. Health centers employ more than 30 nurses and other care managers to provide home visits and telephonic management to high risk individuals in all areas of the state.

Nurse First is a 24-hour nurse advice line available to all Montanans eligible for HMK, HMK *Plus*, and Medicaid. People are encouraged to call the nurse line when they are sick, hurt, or have a health concern or question. Callers talk to a nurse who directs them to the appropriate level of care—self care at home, emergency department visits, or appointments with providers. Nurses use clinically-based algorithms to direct callers to the appropriate level of service at the appropriate time. Each caller's primary care provider receives a fax detailing calls and nurses' recommendations.

Nurse First also provides information on a range of medical topics, through the nurse advice line and through a web site. The nurse advice line receives about 600 calls a month.

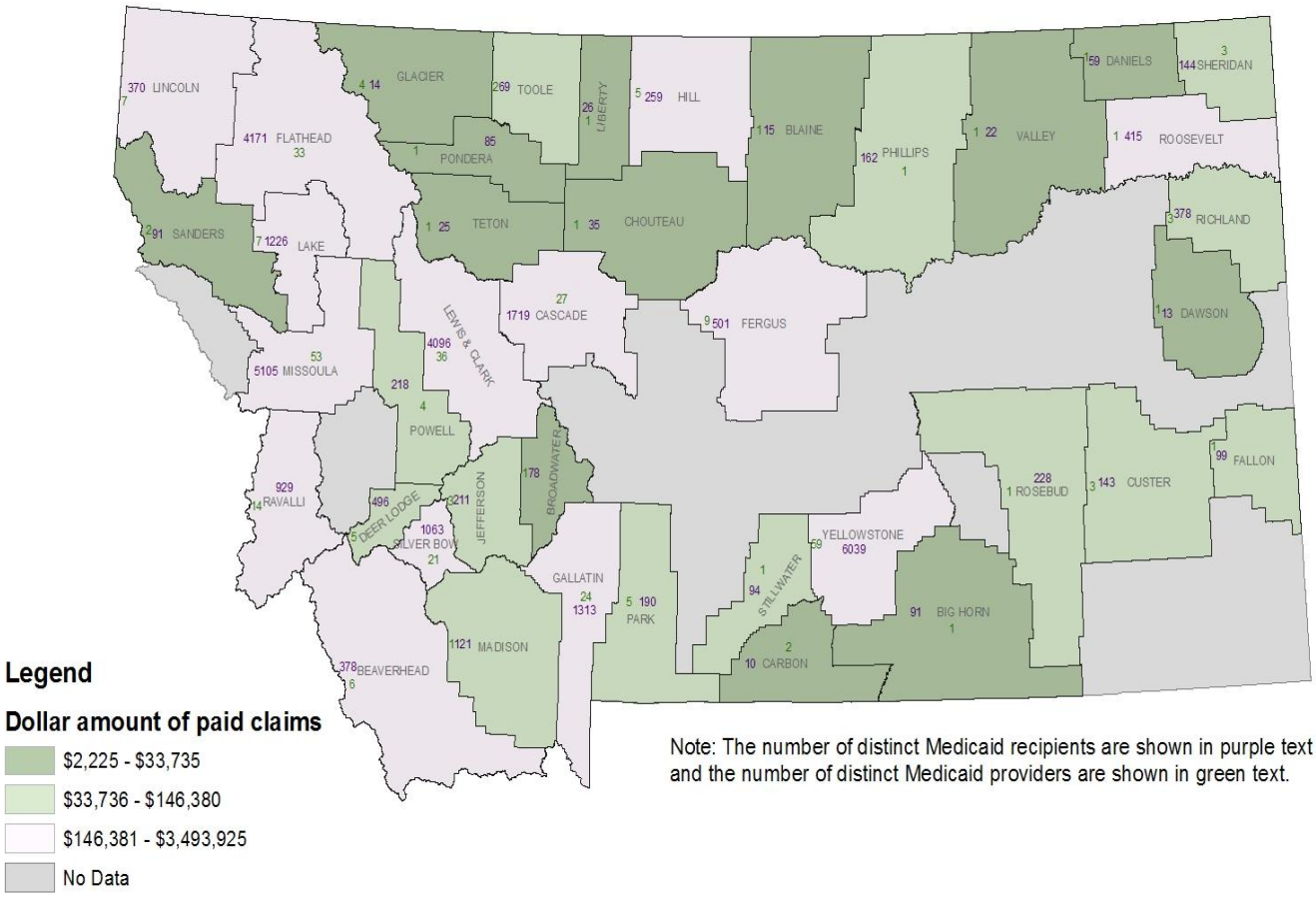
Passport Medicaid recipients and dollar amount of paid claims by County



Dental Services

The Medicaid Dental program provides diagnostic, preventive, basic restorative, dentures and extraction services to people with Full Medicaid benefits and some individuals with Basic coverage. Services are provided by Dentists, Denturists, Hygienist and Oral Surgeons that are enrolled with Medicaid, licensed and operating within their scope of their practice. People with Basic Medicaid benefits may qualify for dental services under the Essential for Employment or Emergency Services Programs.

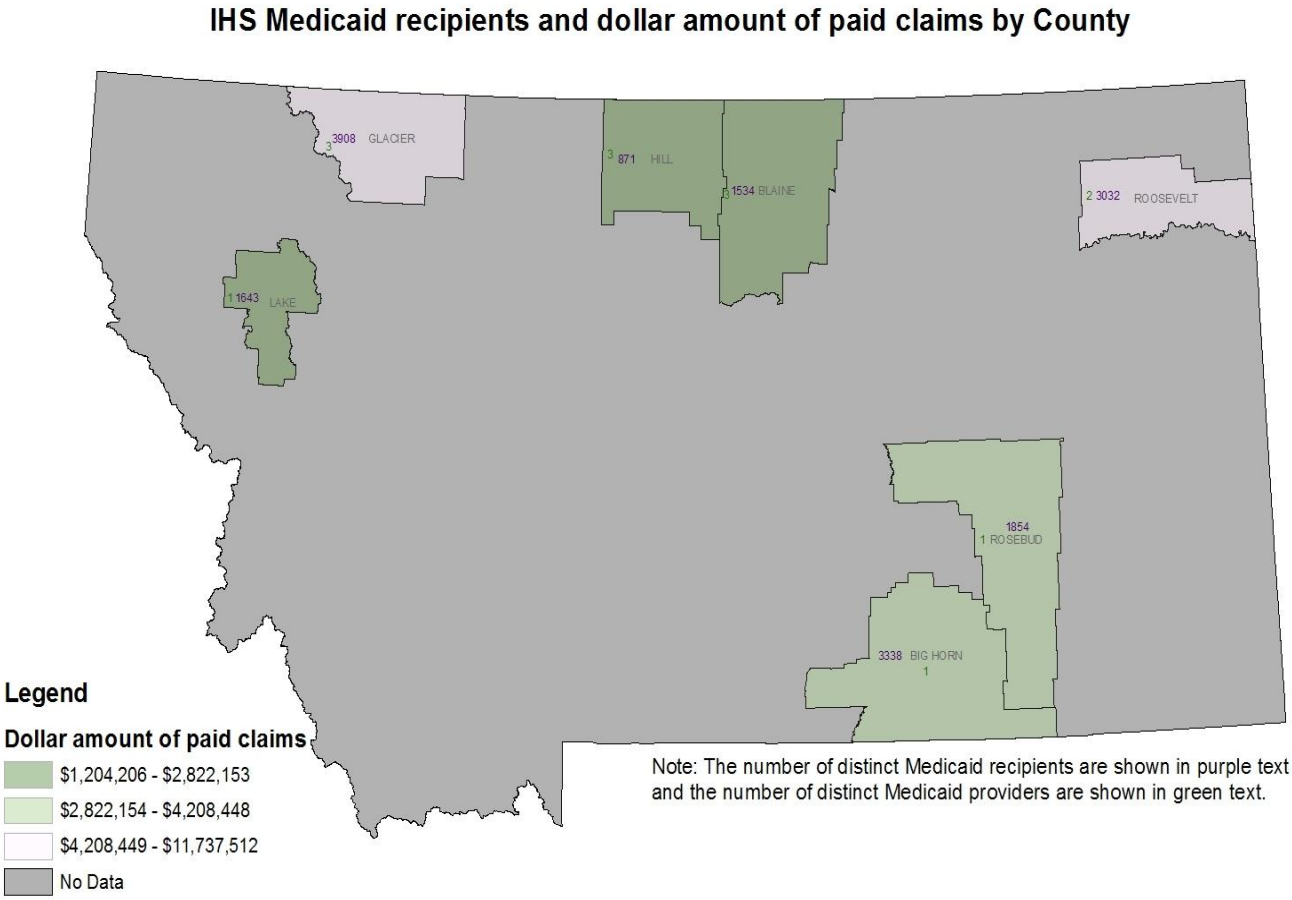
Dental Medicaid recipients and dollar amount of paid claims by County



Tribal and Indian Health Services

Medicaid provides funding for medical services to Medicaid-eligible Native Americans in certain settings. The Montana Medicaid program provides reimbursement for medical services through an Indian Health Service (IHS) facility and other approved contracted tribal entities. By federal law, the Medicaid program acts as the "pass-through" agency for IHS reimbursement, which is funded with 100% federal funds in accordance with the most current Federal Register Notice. This program is administered by the Hospital and Clinic Services Bureau.

Montana is working to expand the availability of services in these settings to allow for better access and appropriate care. This service also supports building health care capacity to serve Native Americans.

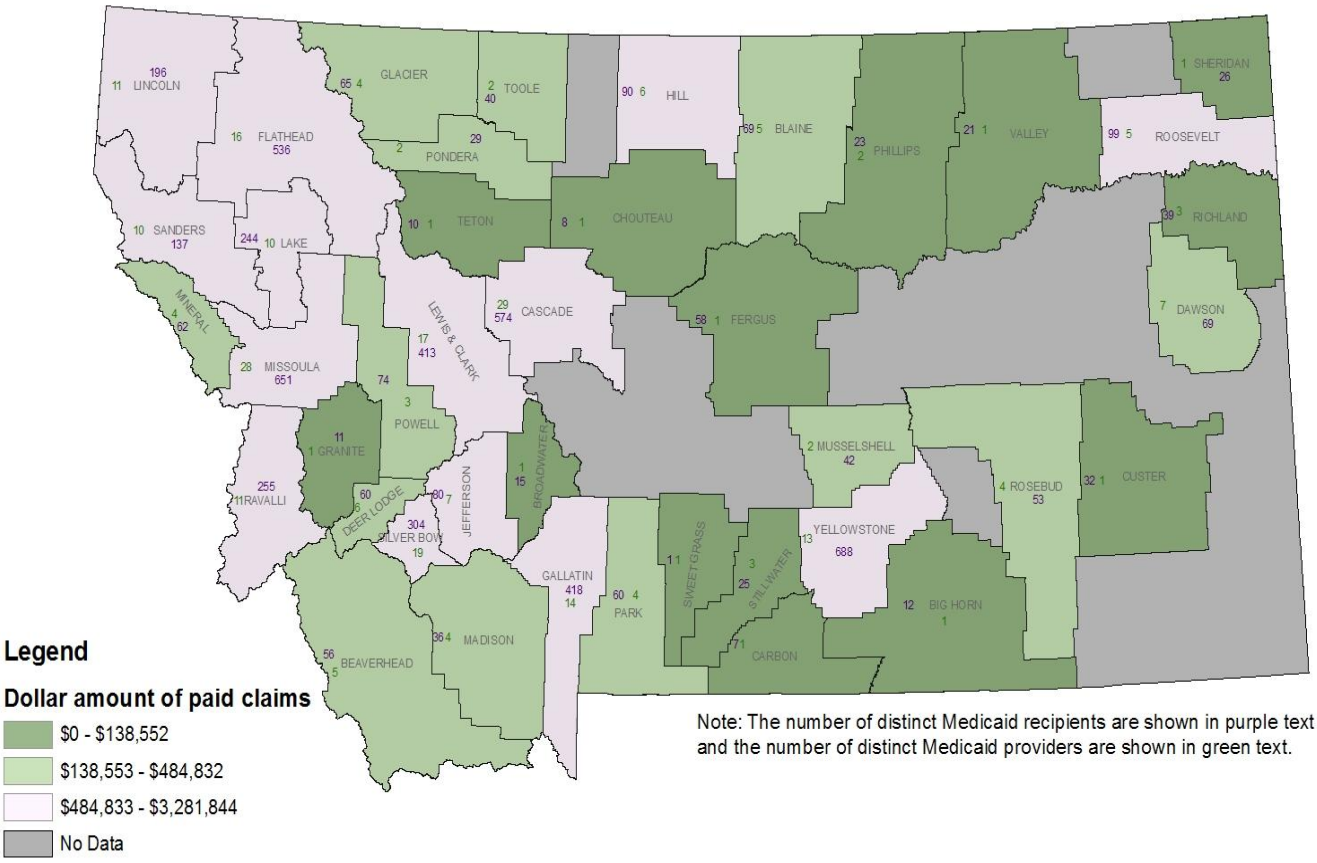


School Based Services

The School Based Services program provides additional federal funding to provide health services in schools. The Office of Public Instruction and local schools participating in the program, certify the matching funds for the federal Medicaid expenditures. Schools provide some services directly and contract for others. Services available include professional and paraprofessional mental health services. Schools also provide health-related services written into a child's individual education and treatment plan (IEP/ITP) such as; physical, occupational, and speech therapy; private duty nursing; audiology; personal care attendants; and special needs transportation.

The Montana Medicaid Administrative Claiming (MAC) Program is a component of school-based services that allows school districts and cooperatives to be reimbursed for some of the costs associated with administration of school-based health services. Each school is responsible for certifying matching funds necessary to obtain federal resources.

School Medicaid recipients and dollar amount of paid claims by County



Rural Health Clinics and Federally Qualified Health Centers

Rural Health Clinics (RHC) and Federally Qualified Health Centers (FQHC) are designated centers for Medicaid and Medicare reimbursement purposes that provide primary care and preventive services. A RHC or FQHC must be in a rural area that is designated as a healthcare professional shortage area or that has medically underserved population. These facilities are reimbursed for their costs of providing care using a prospective payment system, based on the cost of providing care.

HIGHLIGHTS AND ACCOMPLISHMENTS DURING THE 2011 BIENNIUM:

Dental

- MDA and DPHHS staff trained 104 dentists on techniques needed to see kids age 0-5, which now qualifies them to provide preventative dental services. Approximately 5,000 kids were seen annually.
- Enhanced access and availability of dental services for people.

Pharmacy

- Incorporated State Maximum Allowable Cost (SMAC) pricing into the pricing algorithm. Savings from this change are estimated at $1.2 million in general fund per year.
- Added additional Preferred Drug List (PDL) classes to lower cost without sacrificing quality of care.

School Based Services

- 200 schools are now participating in the Comprehensive School and Community Treatment program across the state. Increased federal funding can be accessed through a match certification process without impacting the general fund. Additional information on CSCT is available in the Developmental Services Division presentation.
- Expanding Medicaid Administrative claiming to improve access to services and increasing the availability of federal funding without impacting the general fund. Seventy-two schools now participate and provide matching fund certification in the MAC program.

Big Sky Rx

- Six outreach mailings occurred resulting in 4,541 additional applicants. Enrollment has increased from 8548 individuals in July of 2009 to 10,445 through November of 2010.
- Continued to collaborate with other agencies to increase awareness and enrollment of Montanans in need. We worked with partners on the Montana Office of Aging grant from the National Council on Aging. The grant was used to provide outreach for public benefits and established two new Aging and Disability Resource Centers to perform benefit enrollment activities. Partners included Montana Aging Services, State Health Insurance Program, Social Security Administration, Children's Health Insurance Program, Low Income Subsidy, Medicare Savings Programs, Medicaid Programs, Supplemental Nutrition Assistance Programs, and Low Income Heating and Energy Assistance Program.
- In a cost saving measure, a campaign occurred to encourage new and existing Big Sky RX enrollees to opt to receive their premium assistance payments by direct deposit into their bank accounts rather than by check. The campaign resulted in 5,486 enrollees receiving payments by direct deposit and by doing away with paper notifications of direct deposits the savings will be approximately $60,000.00 annually.

Increased Dental Access

- The 2007 Legislature provided funding from HB2 that allowed the department to offer grants to seven Federally Qualified Health Centers around the state to expand access for dental services for low income and underserved individuals. Total funding for these grants totaled 1.18 million dollars. Since 2008 Medicaid dental visits to FQHC's have increased 45% from 8,691 visits in 2008 to 12,611 in 2010. This does not include the increased access that was also provided to low income and uninsured Montana's.

Health Improvement Program NASHP Recognition

- The Health Improvement Program was recognized by the National Academy for State Health Policy (NASHP) as an innovative model for partnerships between Medicaid and federally qualified health centers (FQHCs). NASHP received a grant from The Commonwealth Fund to study the Health Improvement Program and similar models in other states. Information gathered during a NASHP visit to Montana in the fall of 2010 will be the basis of a NASHP authored report on these models. NASHP interviewed health center care managers, people using Medicaid, community providers, the Montana Primary Care Association, and state staff for the report.

2013 BIENNIUM GOALS AND OBJECTIVES

Department of Public Health and Human Services Health Resources Division	
Goals and Objectives for the 2013 Biennium Submitted September 1, 2010	
Goal: Assure necessary healthcare is available to all eligible Montanans.	
Objective	**Measures**
Reduce the number of uninsured Montana Children	• Continuously increase the number of low to moderate income Montana children who are enrolled in the Healthy Montana Kids program.
Objective	**Measures**
Maintain Systems to accurately and adequately pay for healthcare services	• Implement modifications that maintain access and prevent adverse findings from program reviews.
Objective	**Measures**
Maintain adequate access to medical services for Medicaid	• Monitor and maintain provider networks at current levels with priorities for primary care providers.
Objective	**Measures**
Finance healthcare for low income Montanans in accordance with state and federal directives	• Maintain favorable outcomes in program and financial reviews and audits • Maintain approved amendments to state Medicaid plans and waivers

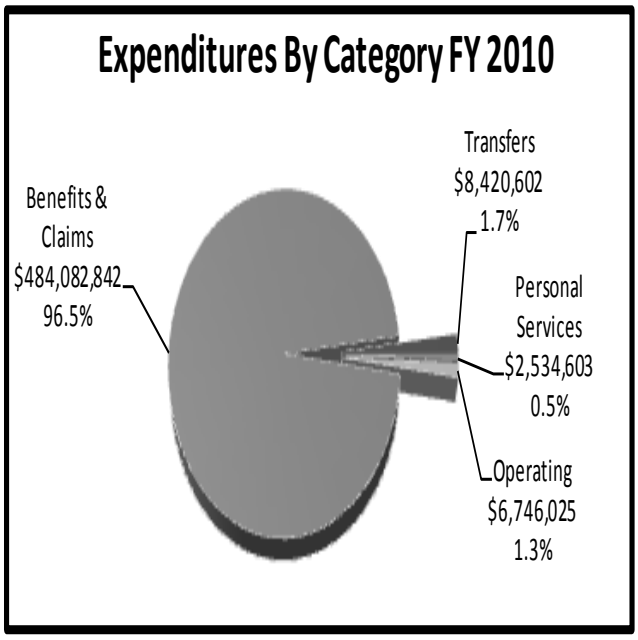
FUNDING AND FTE INFORMATION*

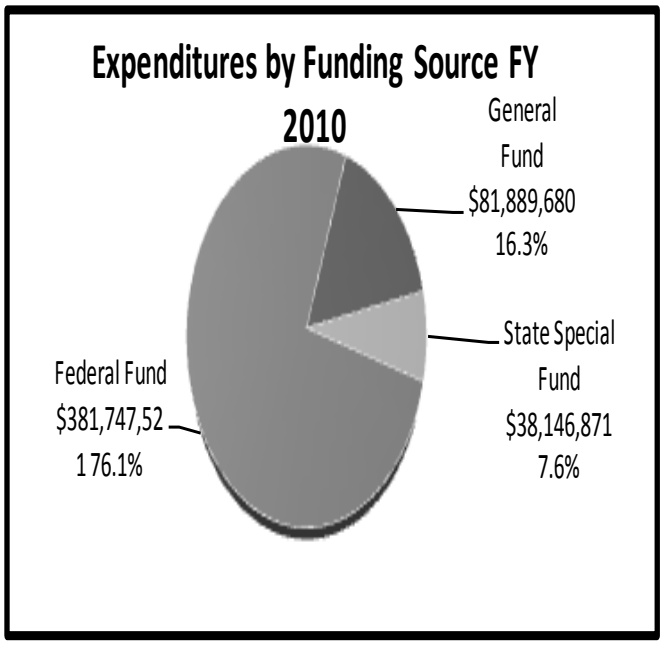
(EXCLUDES HMK - FORMERLY CHIP & HMK MEDICAID EXPANSION)

		2010 Actual Expenditures		FY 2012 Request		FY 2013 Request
Health Resources Division						
	FTE	48.50		53.50		53.50
	Personal Services	$2,534,603		$3,175,579		$3,173,639
	Operating	$6,746,025		$7,214,866		$7,243,805
	Equipment	$0		$0		$0
	Grants	$0		$0		$0
	Benefits & Claims	$484,082,842		$538,143,734		$567,298,267
	Transfers	$8,420,602		$0		$0
	Debt Services	$0		$0		$0
	Total Request	**$501,784,072**		**$548,534,179**		**$577,715,711**
	General Fund	$81,889,680		$125,317,703		$113,514,777
	State Special Fund	$38,146,871		$43,305,251		$60,244,048
	Federal Fund	$381,747,521		$379,911,225		$403,956,886
	Total Request	**$501,784,072**		**$548,534,179**		**$577,715,711**

**TABLES ARE UPDATED TO REFLECT THE 12/15/2010 EXECUTIVE BUDGET UPDATE.*

THE FOLLOWING FIGURES PROVIDE FUNDING AND EXPENDITURE INFORMATION FOR FY 2010 FOR HEALTH RESOURCES DIVISION (EXCLUDES HMK)





DECISION PACKAGES (SEE LFD BUDGET ANALYSIS, PAGES B-234 TO B-241)

NP 11014 Health Care Reform Rebate Reduction

- Montana had supplemental rebate agreements in place in excess of the federal minimum rebate amounts and previously collected the state share of these rebates. A change in the Patient Protection and Affordable Care Act increases the minimum federal rebate in many cases from 15.1 to 23.1%. Effective January 1, 2010, the federal government will collect 100% of the rebate in between the previous minimum rebate amount and the new minimum. This change will result in loss of the state share of a portion of supplemental rebates that were collected.
- It is estimated that this change will decrease Montana's share of rebates by $2,340,000 each year.
- LFD reference is on page **B-240 - B-241**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$791,154	$0	$1,548,846	$2,340,000
FY 2013	$801,684	$0	$1,538,316	$2,340,000
Biennium Total	$1,592,838	$0	$3,087,162	$4,680,000

NP 11027 Med Ben - Indian Property Exclusion

- This request provides the funding for a change in eligibility determination under Medicaid for Native Americans.
- It prohibits consideration of four classes of property from resources determining Medicaid eligibility.
- It provides for protection for Certain Indian Property for Medicaid Estate Recovery. Certain income, resources, and property will remain exempt from Medicaid estate recovery if they are exempted under Section 1917(b) (3) of the Social Security Act instructions regarding Indian tribes as of April 1, 2003.
- LFD reference is on page **B-241**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$262,543	$0	$513,982	$776,525
FY 2013	$266,037	$0	$510,488	$776,525
Biennium Total	$528,580	$0	$1,024,470	$1,553,050

NP 11029 Med Ben - Family Planning

- This decision package requests 5.00 FTE that would perform functions for the Medicaid family planning including program development, eligibility determinations and operations. Montana has submitted a waiver request to add this group prior to the passage of the Affordable Care Act (ACA) and is awaiting action by the Centers for Medicaid and Medicare (CMS).
- LFD reference is on page **B-241**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$295,984	$0	$295,982	$591,966
FY 2013	$295,682	$0	$295,682	$591,364
Biennium Total	$591,666	$0	$591,664	$1,183,330

NP 11119 Med Ben - Restore Adult Transplants

- This decision package makes permanent coverage for adults to obtain a non-experimental organ or tissue transplant.
- The 2009 legislature approved coverage but funded transplants with one time only funds. FY 2010 Medicaid prior authorized 9 adults on Montana Medicaid to receive non-experimental organ or tissue transplants.
- LFD reference is on page **B-242**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$253,575	$0	$496,425	$750,000
FY 2013	$256,950	$0	$493,050	$750,000
Biennium Total	$510,525	$0	$989,475	$1,500,000

NP 55411 4% Personal Services Budget Reduction

- This decision package reduces the general fund base budget for the Health Resources Division by $24,772 per year and represents a 2% contract reduction. This amount was calculated based on the anticipated general fund budgeted for personal services and will reduce operating expenses in consultant and professional services category.
- LFD reference is on page **B-243**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	-$24,772	$0	$0	-$24,772
FY 2013	-$24,772	$0	$0	-$24,772
Biennium Total	-$49,544	$0	$0	-$49,544

NP 55420 17-7-140 Operation Efficiencies

- This request eliminates the Oregon Health and Science Contract for the purpose of collaborating and weighing evidence based benefits and the design coverage. This reduces the capacity to develop evidence based coverage and reimbursement policy for the Health Resources Division.
- LFD reference is on page **B-243**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	-$49,907	$0	$0	-$49,907
FY 2013	-$49,907	$0	$0	-$49,907
Biennium Total	-$99,914	$0	$0	-$99,914

PL 11001 Med Ben - Physical Health Caseload

- This request for the Health Resources Division is necessary to reflect changes in Medicaid caseload including the number of eligible's, utilization, and patient acuity levels.
- A few examples of services in caseload are: inpatient, outpatient, dental, pharmacy, and physicians.
- Since Medicaid is an entitlement program, any person who meets eligibility criteria for the program is eligible for the program.
- LFD reference is on page **B-237** (Executive updated budget request on 12/15/2010.)

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$21,796,037	$1,663,764	$58,460,352	$81,920,153
FY 2013	$24,252,704	$1,479,895	$71,669,148	$97,401,747
Biennium Total	$46,048,741	$3,143,659	$130,129,500	$179,321,900

PL 11002 Med Ben - Medicare Buy-In Caseload

- This request reflects expected increases in premiums for Medicare Part A and Part B that have been projected by the department.
- This program is mandated by federal law.
- Medicare Buy-In is a cost effective program that allows state Medicaid programs to purchase Medicare coverage through premium payments for low income clients. Medicare then covers the cost of most services for the individual. Medicaid is only liable for the costs of non-Medicare covered services, and for some co-insurance and deductibles related to services utilized.
- LFD reference is on page **B-238**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$928,553	$0	$1,817,834	$2,746,387
FY 2013	$1,187,584	$0	$2,278,803	$3,466,387
Biennium Total	$2,116,137	$0	$4,096,637	$6,212,774

PL 11003 Med Ben - For Wrkrs w/Disab. Caseload

- Section 201 of The Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA) modified 42 U.S.C.1396a(a)(1)(A)(ii)(XV) and (XVI) and authorizes states to enact a Medicaid buy-in program for workers with disabilities.
- States set their own eligibility requirements for the buy-in programs; Montana's covers people to 250% of the federal poverty level.
- This program allows workers with disabilities whose resources or income exceeds the limits for eligibility under existing coverage groups to qualify for Medicaid. The program eliminates a significant barrier which prevented people from working because of fear of losing comprehensive health care coverage.
- LFD reference is on page **B-238**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$38,584	$0	$75,537	$114,121
FY 2013	$90,056	$0	$172,807	$262,863
Biennium Total	$128,640	$0	$248,344	$376,984

PL 11004 Med Ben - Breast & Cerv Cancer Caseload

- This request is to continue to provide funding for the Medicaid expenditures related to the Breast & Cervical Cancer Treatment Program for those individuals determined to be Medicaid eligible.
- The Medicaid program provides reimbursement to health care providers for those individuals screened through the Montana Breast and Cervical Health (MBCH) program who are diagnosed with breast and/or cervical cancer or pre-cancer.
- The individual must also be under 65 years of age, uninsured, and have a family gross income at or below 200% of the federal poverty level. Individuals eligible under this program are covered for health care services under the Basic Medicaid program for the duration of treatment. This is the same coverage that is provided under the FAIM (Families Achieving Independence in Montana) program.
- Early detection of Breast and Cervical Cancer by this program allows for early intervention and treatment. Without this early intervention and treatment, an individual might die; or their condition could deteriorate and Medicaid would subsequently pay higher health care costs for more intensive and invasive treatment; or in the case of those unable to qualify for Medicaid, additional unreimbursed health care cost might result in cost shifting to private pay and insured individuals and plans.
- LFD reference is on page **B-238**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$23,310	$0	$75,461	$98,771
FY 2013	$35,661	$0	$113,236	$148,897
Biennium Total	$58,971	$0	$188,697	$247,668

PL 11005 FMAP Adj - HRD Medicaid

- This decision package reflects the Federal Medical Assistance Percentage rate change (FMAP).
- Under The American Recovery and Reinvestment Act (ARRA), FMAP was increased to provide relief to state Medicaid programs during the economic downturn. These funds were designed to help support state Medicaid programs, particularly at a time when there is increased demand for Medicaid coverage and when states are least able to afford to pay for their share of the program. This adjustment reflects the reversion to FMAP before ARRA.
- LFD reference is on page **B-238**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$2,569,918	$0	-$2,569,918	$0
FY 2013	$3,879,402	$0	-$3,879,402	$0
Biennium Total	$6,449,320	$0	-$6,449,320	$0

PL 11008 Med Ben - Clawback Caseload

- This decision package provides the financing necessary to increase clawback payment subject to changes in caseload.
- The Medicare Modernization ACT (MMA) requires the federal government to pay prescription drug costs for Medicaid clients who had previously been covered in part by states. States are required to pay back to the federal government a phased down contribution, known as clawback of some of the costs that states no longer are expected to finance in benefits. The clawback amount is adjusted each year based on Montana's expenditures.
- LFD reference is on page **B-238**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$2,033,190	$0	$0	$2,033,190
FY2013	$3,115,190	$0	$0	$3,115,190
Biennium Total	$5,148,380	$0	$0	$5,148,380

PL 11009 Med Ben - IHS Caseload

- This reflects projected caseload and federal rate increases for the Medicaid Indian Health Services program.
- The Montana Indian Health Service is making a concerted effort to: a) identify and enroll in Medicaid eligible persons who are also Indian Health Service clients and b) to bill Medicaid for these dually eligible people. This includes assisting people with eligibility applications at IHS and tribal facilities. This program has had substantial growth in the past and is expected to continue to grow through the next biennium.
- In an effort to increase capacity and maximize federal funding, Medicaid is modifying its reimbursement to a per outpatient visit method, rather than per day. This allows for multiple visits such as dental, medical and optical to be reimbursed on the same day. Payment for pharmacy services is also being revised to take advantage of systems available to better manage patient pharmacy utilization.
- The program is funded with 100% federal funds.
- LFD reference is on page **B-238**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$0	$0	$16,249,579	$16,249,579
FY 2013	$0	$0	$28,436,763	$28,436,763
Biennium Total	$0	$0	$44,686,342	$44,686,342

PL 11010 FMAP Adj – Clawback

- This decision package is the financing necessary to increase clawback payment that was due to changes in the ARRA FMAP.
- The Medicare Modernization ACT (MMA) requires the federal government to pay prescription drug costs for Medicaid clients who had previously been covered in part by states. States are required to pay back to the federal government a phased down contribution, known as a clawback of some of the costs that states no longer are expected to finance in benefits. The clawback amount is adjusted each year based on Montana's expenditures. Clawback payments are subject to changes in the Federal Medical Assistance Percentage (FMAP) resulting from ARRA and financing will change with FMAP reductions.
- LFD reference is on page **B-239**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$4,198,641	$0	$0	$4,198,641
FY 2013	$4,198,641	$0	$0	$4,198,641
Biennium Total	$8,397,282	$0	$0	$8,397,282

PL 11011 Hospital Cost Rpt Audit Contract Increases

- The decision package requests funding for audits required by federal law and critical for calculating items related to disproportionate share payments.
- LFD reference is on page **B-239**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$125,000	$0	$125,000	$250,000
FY 2013	$125,000	$0	$125,000	$250,000
Biennium Total	$250,000	$0	$250,000	$500,000

PL 11022 CPI - MMIS Components

- This request reflects the pricing adjustment for components of the Medicaid Management Information System within the Health Resources Division.
- The current Medicaid Management Information System (MMIS) Fiscal Agent contract contains a pricing adjustment per an increase in CPI (Consumer Price Index). The annual pricing adjustment shall not exceed 75% of the rate of increase in the cost of living as reflected in the Federal Bureau of Labor Statistics, Consumer Price Index. The increase is implemented annually in July and over the prior 6 years has increased an average of 2.5% annually.
- LFD reference is on page **B-239** (Executive updated budget request on 12/15/2010)

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$13,320	$0	$39,959	$53,279
FY 2013	$20,230	$0	$60,690	$80,920
Biennium Total	$33,550	$0	$100,649	$134,199

PL 11023 Med Ben Hold Harmless Account

- A Medicaid reserve account was established in HB645 Section 34. The Medicaid reserve account is a state special revenue fund provided for in 17-2-102. Money in the account must be used by the department for Medicaid benefits after June 30, 2011. Any interest or income earned on the account must be deposited in the account. Each calendar quarter through December 31, 2010, the amount recovered under the federal medical assistance percentage hold harmless provision of the American Recovery and Reinvestment Act of 2009, Public Law 111-5, must be transferred to the Medicaid reserve account.
- State special authority is needed to spend the money that was set aside in this reserve account. This will decrease the amount of general fund match needed for Medicaid in 2013 only.
- LFD reference is on page **B-239**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$0	$0	$0	$0
FY 2013	$16,984,522	-$16,984,522	$0	$0
Biennium Total	$16,984,522	-$16,984,522	$0	$0

PL 11112 Hospital Utilization Fee Authority

- The Montana Medicaid program has historically reimbursed the Montana hospitals at a rate less than the cost of providing hospital services to the Medicaid clients. This adjustment provides for the Montana Hospital Utilization Fee to be used as the state match to draw down a federal allotment to increase Medicaid hospital reimbursement.
- Federal regulations require hospitals to provide services to all citizens without regard to ability to pay and require the hospitals to have a methodology in place to provide charity care to patients who do not have the ability to pay for the hospital services. In order to fill the gap between reimbursement and cost and provide funding for hospital that serve a disproportionate share of low income clients, Montana assesses a Hospital Utilization Fee per inpatient day. This fee is used as the state match to draw down a federal allotment to increase Medicaid hospital reimbursement. Use of this fee allows hospital reimbursement to come closer to the cost of provider's services to Medicaid clients.
- The hospital utilization fee and the corresponding federal funding is distributed using Disproportionate Share Payments and Hospital Reimbursement Adjustment payments. These payments are allocated to hospitals based on Medicaid inpatient days and Medicaid inpatient and outpatient charges.
- LFD reference is on page **B-239**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$0	$4,152,211	-$7,143,525	-$2,991,314
FY 2013	$0	$4,277,342	-$7,783,769	-$3,506,427
Biennium Total	$0	$8,429,553	-$14,927,294	-$6,497,741

PL 11113 Administrative Claiming - MAC & MAM

- This request provides funding for the administrative match claiming with the seven tribal governments and 76 school districts. This provides a method of federal reimbursement for eligible Medicaid Title XIX outreach and administrative services, currently performed by both the school districts and tribal nations.
- LFD reference is on page **B-240**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$0	$0	$145,000	$145,000
FY 2013	$0	$0	$145,000	$145,000
Biennium Total	$0	$0	$290,000	$290,000

PL- 11122 - Reduction to HRD Base

- Health Resources Division experienced increased service demands in Medicaid hospital services beyond the budgeted benefit appropriation. Funds were available in other areas of the department. This negative decision package removes $307,268 in general fund each biennium year from the base and brings the program back to the level established by the 2009 Legislature.
- LFD reference is on page **B-240**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	-$307,268	$0	$0	-$307,268
FY 2013	-$307,268	$0	$0	-$307,268
Biennium Total	-$614,536	$0	$0	-$614,536

PL- 11123 - Re-establish Medicaid Hospital Services Base

- This is a request to bring Medicaid hospital services back to the FY 2010 expenditure level. Additional funding was needed to provide for hospital services, and the division anticipates the continuing need for this level of services.
- LFD reference is on page **B-240**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	$307,268	$0	$0	$307,268
FY 2013	$307,268	$0	$0	$307,268
Biennium Total	$614,536	$0	$0	$614,536

PL 55140 17-7-140 Reduction -Pharm Savings w/SMAC Prgm

- This change resulted due to the implementation of the State Maximum Allowable Cost (SMAC) program.
- This decision package reduces the general fund base budget by $1,268,960 each year in the Health Resources Division. This amount is the portion of the budget reduction per 17-7-140.
- The department contracts with Mercer to operate a State Maximum Allowable Cost (SMAC) program for federally rebateable multiple source drugs (those drugs marketed or sold by three or more manufacturers or labelers) and specific brand name prescription drugs. The objective of this method is to provide fair and equitable compensation for these drugs that does not fall below the pharmacy's acquisition costs while lowering the overall cost of the program.
- LFD reference is on page **B-240**

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2012	-$1,268,960	$0	$0	-$1,268,960
FY 2013	-$1,268,960	$0	$0	-$1,268,960
Biennium Total	-$2,537,920	$0	$0	-$2,537,920

LEGISLATION

The Division has no pending or requested legislation.